(b) if so, the details thereof; and

(c) whether this will have effect on insurance penetration to global level as necessary capital will not be available?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. the Insurance Regulatory and Development Authority (IRDA) has reported that the private insurance companies are permitted to raise funds through the equity route. These funds are raised from their promotor shareholders. Both the domestic and foreign partners have the necessary resources to meet the capital requirements as stipulated under the regulatory frame work.

(c) Does not arise.

Loans to farmers at seven per cent interest rate

102. SHRI MOTILAL VORA:
MS. SUSHILA TIRIYA:

Will the Minister of FINANCE be pleased to state:

(a) the details of farmers who have been provided loans by the banks at the rate of seven per cent alongwith the amount of said loan upto June, 2006 after Government's announcement of providing short-term loan to the farmers at the rate of seven per cent;

(b) whether Government are aware that Co-operative banks have shown their inability to provide loans to the farmers at the rate of seven per cent; and

(c) if so, the steps taken by Government to provide short-term loan to the farmers at the rate of seven per cent?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) In pursuance to the Government announcement to provide Short-Term Credit to the farmers, upto a principal amount of Rs. 3 lacks for Kharif and Rabi 2006-07, Reserve Bank of India has issued guidelines to Public Sector Banks and NABARD has issued guidelines to Regional Rural Banks and Cooperative Banks. Out of the target for agriculture credit flow of Rs. 1,75,000 crore for 2006-07 it is estimated that Rs. 1,20,000 crore will be in the nature of Short Term

Production Credit to the farmers. It has been decided to provide interest subvention to Public Sector Banks and RRBs on their own funds used for Short Term Agriculture Production Credit and to provide concessional refinance to RRBs and Cooperatives.

For 2 months period April and May 2006, a total of Rs. 21495.68 crore has been provided as agricultural loans to the farmers from Public Sector Banks, Cooperative Banks and RRBs. No separate data on Short Term Loan is available at the moment.

(b) and (c) The State Governments have been requested to provide interest subsidy to Cooperative Banks on the amount of their own involvement to ensure that they can disburse ground level credit at a rate of 7% per annum.

Special interest rate on deposits to senior citizens

103. SHRI SANTOSH BAGRODIA:
SHRI MAHENDRA MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that special 9 percent interest rate on the deposits was offered to the senior citizens as a special consideration to them;

(b) whether it is also a fact that Government have recently advised the banks and other institutions to deduct tax on the interest earning from such special savings schemes for the senior citizens;

(c) if so, how does Government propose to reconcile this directive with the special consideration extended to senior citizens while offering 9 per cent interest rate; and

(d) whether Government would consider withdrawing such directive as a special consideration to our senior citizens?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. The Senior Citizen Savings Scheme carrying 9 per cet interest rate was launched for senior citizens.

(b) and (c) Government has clarified that Interest payable under the scheme is taxable as per the provisions of the scheme and tax is deductible at source as per the provisions of Section 194A of the Income Tax Act. However, senior citizens of the age of 65 years and above, whose estimated